



Bottle King



[Handwritten signature]
Cham Aug
HSCPW
Glen Rock 35
Livingston
Lackensack 60
Wayne 38

Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

RJ Reynolds
Tobacco Company



Retail Partners Program Background

- The cigarette industry has changed dramatically over the past few years:
 - *Price rollback*
 - *Competitive retail programs*
 - *B&W/ATC merger*
- RJR's and retail trade needs have also changed:
 - *Link trade programs*
 - » Retail Merchandising
 - » Retail Co-Marketing
 - » Distributor Programs
 - *Improve quality of retail presence*
 - *Reward retail trade for supporting RJR strategic brands*
 - *Construct strong foundation for future growth of category*

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Tobacco Company



1995 Merchandising Program - Pack Outlets

51846 5944

<i>Program Comparison</i>	
<u>Old Program</u>	<u>New Program</u>
Industry Volume based	RJR Volume - Pay for performance
Volume ranges	Volume ranges
- Broad	- Multiple
- Capped near trade average	- Competitive in high volume accounts
Base requirements	Base requirements
- 1 Full Price display	- 2 Full Price display
- 1 Savings display	- 1 Savings display
- Enhanced sign	
Minimal additional signage requirement	Share of signage equal to RJR SOM
Enhancement option - Payment flexibility	Enhancement option - Payment flexibility
Component (stand alone) option	Component (stand alone) option - Payment flexibility
Minimum Volume requirement	Minimum Volume requirement
- 76 Industry CPW	- 100 Industry CPW
	- 17 RJR CPW

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1995 Merchandising Program Requirements Pack Outlets

- **RJR Full Price Display in Primary Position**
- **RJR Full Price Display is in a 2nd, 3rd, or 4th Full Price Position**
- **RJR Savings Brand Display in a Primary Savings Position**
- **Display RJR "Lowest" brands, if applicable**
- **Provide RJR accurate volume information. Authorize primary and other suppliers to release brand style volume information to RJR.**
- **Provide RJR share of available signage (excluding signage on fixtures / displays) equal to RJR share of market.**

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1995 Merchandising Program Requirements

Pack Outlets *(continued)*

- Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.
- Ensure RJR brands are represented in all price tiers as required.
- Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
- Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
- Accept new RJR brand styles as requested by RJR Representative.
- RJR reserves the right for final approval of display / advertising sizes and locations.

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Bottle King 1995 Program Merchandising Requirements

- **Two (2) RJR Full Price Displays**
- **One (1) RJR Savings Display**
- **Existing Overhead Package Merchandisers**
- **Existing DORAL Savings Center Displays**
- **Existing RJR Carton Merchandisers**

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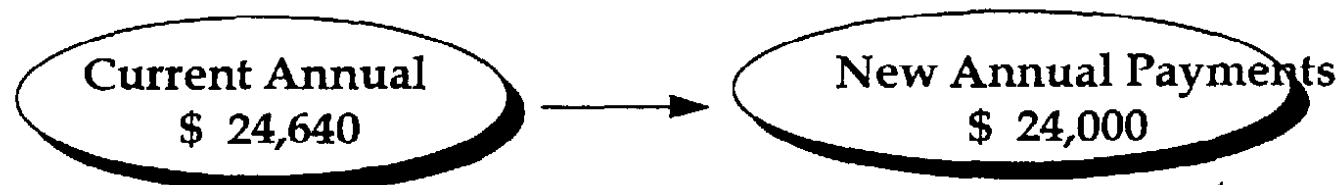


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1995 Retail Merchandising Program

Option I

- Two (2) RJR Full Price Displays (self-service)
- One (1) RJR Savings Display
- Existing Overhead Package Merchandiser
- Existing Carton Merchandiserso



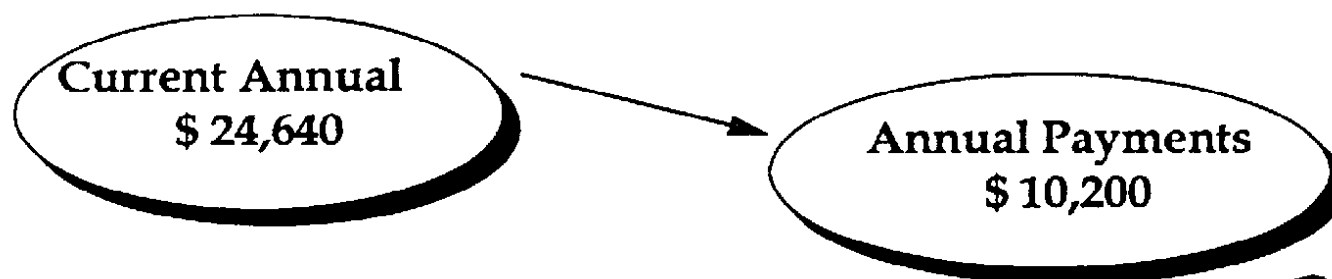
160.00 Less per CTR

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1995 Retail Merchandising Program
Component Option

Option II

- One (1) RJR Full Price Display Self-Service
- One (1) RJR Savings Display
- Existing Overhead Package Merchandiser/Carton Merchandisers
- Lighted Sign



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1995 Retail Merchandising Program Potential Payments

<u>RJR Cartons Weekly</u>	<u>Monthly Base \$</u>
36-42	\$ 150
43-48	\$ 170
49-57	\$ 185
58-67	\$ 200
68-78	\$ 215

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Bottle King 1995 RJR Co-Marketing Program Basic Requirements

- Based on RJR Weekly Carton Volume
- Qualification as Total Category Partner with RJR represented at all price points.
- Eligibility for RJR Premium Menu
- Eligibility for Retailer Match Option (not a requirement)

Monthly Accrual
\$ 400
(Annually \$ 4,800)

Monthly Accrual with
retailer match
\$ 600
(Annually \$ 7,200)

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Bottle King
1995 RJR Co-Marketing Program
Basic Requirements

- Based on RJR Weekly Carton Volume
- Qualification as Total Category Partner with RJR represented at all price points.
- Eligibility for RJR Premium Menu
- Eligibility for Retailer Match Option (not a requirement)

Monthly Accrual
\$ 400
(Annually \$ 4,800)

Monthly Accrual with
retailer match
\$ 600
(Annually \$ 7,200)

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1995 C0-Marketing Accrual Program

<u>RJR Ctns Weekly</u>	<u>Monthly Accrual</u>	<u>With Match</u>
36-42	\$ 34	\$ 51
43-48	\$ 40	\$ 60
49-57	\$ 46	\$ 69
58-67	\$ 54	\$ 81

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The Co-Existence Strategy

Exposure

It takes all kinds of cigarettes to make the category #1.

Selection

The majority of cigarette consumers don't buy the best selling brand.

Co-Existence is Best For the Retailer

Inventory

Inventory doesn't sell cigarettes. Displays sell inventory.

Promotions

The more you do for your customers, the more you do for your sales.

Don't Sell Yourself Short !

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Business Recommendations

- Add second Full Price Display to qualify for Base Program.
(total of three (3) displays per store).
- Take full advantage of Co-Marketing Accrual Program as well as ongoing RJR Quarterly Promotions to increase business.

We look forward to working with you as a partner to achieve success in meeting the needs of our consumers and cigarette category objectives in 1995.

Thank You !

RJR Reynolds
Tobacco Company

